

E6QA 63810  
200400U

Chief of Mission, President  
Mr. Press Attaché/DIA/GRANTED/REDCAP  
transmittal of background report  
Reference: DTR 00569

1. In accordance with paragraph 2 of the reference we are forwarding  
as an attachment to this dispatch a report covering the background of  
subject. The attachment is a copy of a 328 intelligence report on KESTER  
obtained from Embassy files in Bonn. The information is dated 9 October  
1952.

2. Please indicate if you wish further traces to be made with the  
DIA.

Attachment: a/c above

8 June 1955

Distribution:

2 - ~~copy~~ (w/1 copy attachment)  
4 - ~~copy~~ (w/2 copies attachment)

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CENTRAL INTELLIGENCE AGENCY  
SOURCES METHODS EXEMPTION 3B2B  
NAZI WAR CRIMES DISCLOSURE ACT  
DATE 2008

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\* attach 1/2

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June 55

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REUTER, Dr. Franz

Publisher of "Der Volkswirt"  
Frankfurt

Born 3 June 97 at Aachen

Address: Frankfurt, Midestr. 88

Reuter studied politics and economics. After graduating, he became a journalist and was assistant economic editor of the "Zoelniische Zeitung" until 1928. From then until 1933 he edited the "Deutsche Ruhrerbriefe", a news letter which, subsidized by heavy industry, opposed the Weimar Republic. At this time, he was also Berlin correspondent of a number of West German newspapers (Bonn Zeitung, Kaiser-und-Weser-Zeitung, Wiesbadener Zeitung, etc.). Reuter established close contact with (Dr) Schacht in 1930-1 (an unconfirmed report states that he was Schacht's temporary secretary) and published his biography in 1934 or 1937 (he had already published a short biography in "Zauner und Sochte" published at Leipzig in about 1932).

In early 1933, Reuter became publisher of "Der Deutsche Volkswirt", following the enforced resignation of the founder and editor, who was a determined opponent of Schacht. Under Reuter this economic journal followed a line favorable to the Nazis and was regarded as Schacht's mouthpiece. In 1937, Reuter joined the "Wirtschaftsrat" of General (then Colonel) Thoma, a military-economic body set up by the German High Command to put German industry on a warlike footing. He was appointed "Wirtschaftsfuehrer" in that year.

*Friend of the conspirators*

During the war, and in addition to his post under Thoma, Reuter held a number of industrial appointments, chiefly in the publishing and textile industries. He was a partner of the "Nordische Buchdruckerei AG", managing director of the Textil-Verlag G.m.b.H., the Verlag der Deutsche Volkswirt and the "Arbeitsamt Berlin G.m.b.H.". He was also chairman of the supervisory board of "Schlesische Fabrik Niederschlema AG" and director of the "Festivale Textilfabriken AG". "Der Deutsche Volkswirt" was forced to cease publication in 1943, in view of "total mobilization".

*Implicated in Plot against Hitler*

Reuter was arrested in August 1944, in connection with the unsuccessful plot against Hitler of the previous month. His part in the plot was negligible; he was, however, arrested on account of his connection with General Thoma, who was a friend of the leading conspirators (but who took no active part in the conspiracy after 1942). The Nazis evidently did not credit Reuter with a major part in the plot, as he was released in October while the chief conspirators were sentenced to death and a host of minor participants were sent to concentration camps. There is no doubt as to the dates of Reuter's arrest and release. Thoma has stated that "when I heard on 11 October that my confidential man, Dr. Reuter, had been arrested in Berlin, I knew I was being tracked". Thoma was arrested on 11 October. Reuter has claimed to have been interned at Sachsenhausen concentration camp until the capitulation, and to have been recognized as a "Victim of Fascism". Reuter published in 1946 a pamphlet on the 1st of 20 July 44 in which he extolled Schacht's anti-Nazi activities and his own share in the conspiracy.

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His claims have since been flatly rejected by such authorities as Rudolf Fochl ("Deutscher Widerstand" 1946), who states (p. 31) that "Reuter's pamphlet has circled abroad and in tremendous editions it gives publishers a wrong or distorted picture of the Resistance movement..... The pamphlet can be regarded only as an attempt to create a legend, as

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Schacht's biographer, a political alibi in case Schacht should be found guilty. For this reason, Reuter tries to depict Schacht as a notable figure in the Resistance Movement, and himself as an important participant in the 20 July Plot. But he was nothing more than an ante-room figure to General Thomas, and, at best, a useful postman. He was not taken seriously on account of his business acumen. His pamphlet has no documentary value whatsoever". One journalist has commented that this pamphlet should have been entitled "Ich, Franz Reuter".

Nothing is known of Reuter's activities (apart from his excursion into autobiography) until 1948, when he appeared again as general director of the Vereinigte Textilfabrikanten at Langen. In that year he began to prepare for the re-publication of "Der Volkswirt" (the "Deutsche" has been dropped). This economic journal which Reuter used to own, publish and edit, appeared for the first time in June 1949. It is regarded as the mouthpiece of (Prof.) Ludwig Erhard, the Federal Minister of Economics. He is also an editor of the "Textil-Zeitung," which was recently appointed by the Americans to the liquidation committee of IG Farbenindustrie, an Allied High Commission agency.

Little information is available on Reuter's political history. He was a member of the Reichspräsidentenamt from 1933 to 1936. He was appointed schwirtschaftsführer as early as 1937, due to his position as an assistant to General Thomas. He also subscribed R-1C monthly to the SS. He was not, however, a member of the NSDAP. He is reported to have been a member of the moderate right-wing Deutsche Volkspartei before 1933, and to be now a right-of-center member of the CDU. He helped found the Gesellschaft für die Wiedervereinigung Deutschlands in May 50, and is a member of this committee's executive. The GFD is a body of politicians and industrialists favoring direct negotiations with the Russians in order to secure a united Germany; this affiliation is not in itself compromising, and there is no evidence that Reuter has any sympathy with the communists.

Rauter is a wealthy man, with many ironies in the fire. His main interests are in publishing and the textile industry, but he has many other connections as well. He is a close friend of Wilhelm Schacht (general director of the ~~Siemens~~ <sup>Siemens</sup> and heavy industrial complex) and on intimate terms with the two managers of the Steel Trade Association (Wirtschaftsvereinigung Eisen- und Stahl-industrie). These four contacts date from the days when Rauter edited the "Deutsche Buchdruckerei". He is also reported to have kept in close touch with Schacht since the war. He has, as far as is known, no financial interest in IG Farben; he may, however, have been proposed for the IG Liquidation Co. It is likely that he has other outside interests.

As a man, Pauter is not liked by most of those who know him in the State. He appears to be nervous and fussy, overbearing and egotistic, with no talent for negotiation or team-work and a rather "fly-by" kind. He is no doubt a clever man with a varied experience and a wide range of interests. He is not well-known to the trade unions, although he is reported as being in favor of making moderate concessions to the labor side on such questions as arbitration agreements in order that industrial peace might be secured.

Reuter is a son of my parts. His record is not clear. As a subscribing member of the SS, a Schiwirtschaftsführer and a member of the Wehrwirtschaftsstab, Socialist Party. His estimation of his own part as an anti-Nazi seems to be highly exaggerated. His defense of Schacht does not redound to his

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credit. Rauter is a man who should be watched closely, and not allowed to gain excessive power. If he was not a leading Nazi he is, at least, politically unreliable.

JMA/JD : 9 October 1951  
Source: British Intelligence, Dusseldorf

9/10/55